

MI Limited

**Directors' report and financial
statements**

Registered number 3534865

For the 17 month period ended 31 May 2007

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Directors' report

The directors present their annual report and the audited financial statements for the 17 month period ended 31 May 2007

Principal activity

The principal activity of the company is the design and development of technology solutions to major insurers and brokers operating in the London insurance markets

Business review

On 24 October 2006 the entire issued share capital of the company was acquired by Open GI Limited, a company registered in England. The ultimate parent company is Greenwich EquityCo S a r l, a company registered in Luxembourg

The business has performed satisfactorily during the period. The directors are confident that the trading position of the company is good for the coming year.

Change of accounting reference date

On 24 October 2006, the company changed its accounting reference date to 31 May 2007

Results and dividends

The results for the period are set out in the profit and loss account on page 5

The directors do not recommend the payment of a dividend (2005 £205,000)

Directors

The directors who held office during the period were as follows

PW Bell (appointed 24 October 2006)
DS Bailey (appointed 24 October 2006)
AP Colborne (resigned 24 October 2006)
L Flavelle (resigned 24 October 2006)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Following the acquisition of the company by Open GI Limited on 24 October 2006, James Cowper resigned as auditors of the company and KPMG LLP were appointed to fill the vacancy arising

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming annual general meeting

By order of the board



PW Bell
Director

Buckholt Drive
Warndon
Worcester
WR4 9SR

18 July 2007

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



KPMG LLP

2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of MI Limited

We have audited the financial statements of MI Limited for the 17 month period ended 31 May 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of MI Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice of the state of the company's affairs as at 31 May 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements



KPMG LLP
Chartered Accountants
Registered Auditor

18 July 2007

Profit and loss account

for the 17 month period ended 31 May 2007

	Note	Period ended 31 May 2007 £000	Year ended 31 December 2005 (restated) £000
Turnover	1 2	2,809	2 074
Cost of sales		(90)	(67)
Gross profit		2,719	2 007
Administrative expenses (including exceptional costs of £564,000 (2005 £Nil))	3	(3,474)	(1 681)
Operating profit		(755)	326
Interest payable	6	(58)	(20)
Interest receivable – bank interest		4	1
(Loss)/profit on ordinary activities before taxation	3	(809)	307
Tax on (loss)/profit on ordinary activities	7	283	(124)
(Loss)/profit on ordinary activities after taxation and for the financial period	15	(526)	183

The results for the current and prior periods reflect trading from continuing operations

Statement of total recognised gains and losses

for the 17 month period ended 31 May 2007

	Period ended 31 May 2007 £000	Year ended 31 December 2005 (restated) £000
(Loss)/profit for the financial period	(526)	183
Total recognised gains and losses relating to the period	(526)	183
Prior year adjustment (see note 1)	(276)	
Total recognised gains and losses since last annual report	(802)	

Balance sheet
at 31 May 2007

	<i>Note</i>	31 May 2007		31 December 2005 (restated)	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	8		19		50
Current assets					
Debtors	9	1,115		1 159	
Cash at bank and in hand		115		-	
		<u>1,230</u>		<u>1 159</u>	
Creditors Amounts falling due within one year	10	(312)		(829)	
Net current assets			<u>918</u>		<u>330</u>
Total assets less current liabilities			<u>937</u>		<u>380</u>
Creditors Amounts falling due after more than one year	11		-		(199)
Deferred income	12		(808)		(276)
Net assets/(liabilities)			<u>129</u>		<u>(95)</u>
Capital and reserves					
Called up share capital	14		751		1
Profit and loss account	15		(622)		(96)
Equity shareholders' funds/(deficit)	16		<u>129</u>		<u>(95)</u>

These financial statements were approved by the board of directors on 18 July 2007 and were signed on its behalf by



PW Bell
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is ultimately a wholly owned subsidiary of Greenwich EquityCo S a r l , the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties)

Prior year adjustment

Following the acquisition of the company by Open GI Limited on 24 October 2006, the company changed its accounting policy in respect of revenue to align it with that of the acquiring group. Previously, revenue from system development was recognised on the basis of stage payments set out in the related customer contract. Revenue is now recognised upon delivery to the customer where there are no significant vendor obligations remaining, and the collection of the resulting receivable is considered probable.

The comparatives have been restated to reflect the above adjustment as follows

	Turnover	Deferred income	Profit and loss account	Shareholders' funds
	£000	£000	£000	£000
At 31 December 2005 (as previously stated)	2,267	-	180	181
Restatement	(193)	(276)	(276)	(276)
At 31 December 2005 (as restated)	<u>2,074</u>	<u>276</u>	<u>(96)</u>	<u>(95)</u>

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets on a straight line basis over their estimated useful economic lives as follows

Computer equipment	-	2 years
Furniture, fittings and equipment	-	4 years

Revenue recognition

Turnover represents amounts invoiced to customers (net of value added tax) for goods and services from the company's principal activity. Revenue from systems is recognised upon delivery to a customer when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In circumstances where a considerable vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied. Service revenue comprises revenues for maintenance, transaction processing and professional services. Maintenance and support contracts are recognised rateably over the period of the contract. Professional services, such as implementation, training and consultancy, are recognised when the services are performed.

Deferred income

Deferred income represents amounts invoiced in advance in respect of contracts for the provision of maintenance and support services, together with amounts invoiced in respect of system sales for which the revenue recognition criteria have yet to be satisfied.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Leasing

Rentals paid/received under operating leases are charged/credited to the profit and loss account on a straight line basis over the lease term

Research and development

Research and development expenditure, including the cost of software products developed in-house, is expensed in the year in which it is incurred

Pensions

The company operated a stakeholder pension scheme until 31 December 2006

From 1 January 2007 the majority of the company's employees were provided benefits through the Open International stakeholder pension scheme. The costs of the pension scheme are charged to the profit and loss account as incurred

2 Turnover

Turnover represents goods and services supplied during the year, excluding value added tax, and is attributable to the principal activities of the company

3 (Loss)/profit on ordinary activities before taxation

	Period ended 31 May 2007 £000	Year ended 31 December 2005 £000
<i>(Loss)/profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Depreciation of owned assets	44	22
Loss on disposal of fixed assets	-	1
Operating leases		
Plant and machinery	77	61
Other assets	110	81
Fees payable to the company's auditors		
Audit of these financial statements	15	4
Taxation advisory services	25	10
Exceptional expenses	564	-
Pension payments to directors' pension schemes (see note 5)	430	360
	<hr/>	<hr/>

Auditor's remuneration includes £25,000 (year ended 31 December 2005 £14,000) payable to the company's previous auditor

Exceptional costs in the period relate to bonuses paid to a number of the company's employees

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees Period ended 31 May 2007	Year ended 31 December 2005
Programming and engineering staff	25	16
Administrative and management staff	3	3
	<u>28</u>	<u>19</u>

The aggregate payroll costs of these persons were as follows

	£000	£000
Wages and salaries	2,096	778
Social security costs	269	106
Other pension costs	439	360
	<u>2,804</u>	<u>1,244</u>

5 Remuneration of directors

	Period ended 31 May 2007 £000	Year ended 31 December 2005 £000
Aggregate emoluments	185	218
Money purchase pension costs for two directors (2005 two)	430	360
	<u>615</u>	<u>578</u>
Remuneration of the highest paid director, excluding money purchase pension contributions of £215,000 (2005 £180,000)	<u>93</u>	<u>112</u>

6 Interest payable

	Period ended 31 May 2007 £000	Year ended 31 December 2005 £000
Bank interest	45	20
Other interest	13	-
	<u>58</u>	<u>20</u>

Notes (continued)

7 Taxation

Analysis of (credit)/charge in the period

	Period ended 31 May 2007 £000	Year ended 31 December 2005 £000
<i>UK corporation tax</i>		
Current tax on income for the period	(128)	124
Adjustment in respect of prior years	24	-
	<hr/>	<hr/>
Total current tax	(104)	124
<i>Deferred tax (see note 13)</i>		
Origination/reversal of timing differences	(180)	-
Adjustments in respect of prior years	1	-
	<hr/>	<hr/>
Tax on (loss)/profit on ordinary activities	(283)	124
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (*year ended 31 December 2005 higher*) than the standard rate of corporation tax in the UK of 30% (*year ended 31 December 2005 30%*). The differences are explained below:

	Period ended 31 May 2007 £000	Year ended 31 December 2005 £000
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(809)	307
	<hr/>	<hr/>
Current tax at 30% (<i>year ended 31 December 2005 30%</i>)	(243)	92
<i>Effects of</i>		
Capital allowances less than depreciation	8	-
Non-deductible expenditure	17	15
Increase in losses carried forward	173	-
Deferred income taxed in previous years	(83)	58
Tax rate lower than 30% on tax profits	-	(28)
Decrease in other timing differences	-	(13)
Adjustment to tax charge in respect of prior years	24	-
	<hr/>	<hr/>
Total current tax (credit)/charge (see above)	(104)	124
	<hr/>	<hr/>

Factors affecting future tax charges

It has been announced that the corporation tax rate applicable to the company is expected to change from 30% to 28% from 1 April 2008. The deferred tax asset has been calculated at 30% in accordance with FRS 19. Any timing differences which reverse before 1 April 2008 will be relieved at 30%, any timing differences which exist at 1 April 2008 will reverse at 28% and, because of the uncertainty of when the deferred tax asset will reverse, it is not possible to calculate the full financial impact of this change.

Notes (continued)

8 Tangible fixed assets

	Computer equipment	Furniture, fittings and equipment	Total
	£000	£000	£000
<i>Cost</i>			
At beginning of period	73	17	90
Additions	13	-	13
	<hr/>	<hr/>	<hr/>
At end of period	86	17	103
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of period	34	6	40
Charge for period	38	6	44
	<hr/>	<hr/>	<hr/>
At end of period	72	12	84
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 May 2007	14	5	19
	<hr/>	<hr/>	<hr/>
At 31 December 2005	39	11	50
	<hr/>	<hr/>	<hr/>

9 Debtors

	31 May 2007 £000	31 December 2005 £000
Trade debtors	474	323
Amounts owed by group undertakings	108	-
Other debtors	158	790
Deferred tax asset (note 13)	179	-
Corporation tax	128	-
Prepayments and accrued income	68	46
	<hr/>	<hr/>
	1,115	1,159
	<hr/>	<hr/>

Included within other debtors at 31 December 2005 are loans totalling £632,000 to AP Colborne and L Flavelle, both directors of the company at that date. The maximum amount outstanding was £632,000. The loans were repaid in full during the period.

Notes (continued)

10 Creditors. Amounts falling due within one year

	31 May 2007 £000	31 December 2005 £000
Bank loans and overdrafts	-	81
Trade creditors	73	90
Corporation tax	-	216
Other taxation and social security	90	386
Other creditors	-	2
Accruals	149	54
	<u>312</u>	<u>829</u>

11 Creditors. Amounts falling due after more than one year

	31 May 2007 £000	31 December 2005 £000
Bank loans and overdrafts	-	104
Bank loans due in more than five years	-	95
	<u>-</u>	<u>199</u>

The bank loans were repaid during the period

12 Deferred income

	31 May 2007 £000	31 December 2005 (re-stated) £000
To be recognised within one year	<u>808</u>	<u>276</u>

Notes (continued)

13 Deferred taxation

The movements in deferred tax assets during the period are as follows

	Deferred tax asset £000
At 31 December 2005	-
Credit to the profit and loss account in the period (note 7)	179
	<hr/>
At 31 May 2007	179
	<hr/> <hr/>

The elements of deferred tax are as follows

	31 May 2007 £000	31 December 2005 £000
Accelerated capital allowances	6	-
Tax losses	173	-
	<hr/>	<hr/>
	179	-
	<hr/> <hr/>	<hr/> <hr/>

At 31 May 2007 and 31 December 2005 there was no unprovided deferred tax

14 Called up share capital

	31 May 2007 £000	31 December 2005 £000
<i>Authorised, allotted and fully paid</i>		
751 000 (2005 1,000) ordinary shares of £1 each	751	1
	<hr/> <hr/>	<hr/> <hr/>

The authorised, allotted, called up and fully paid share capital of the company was increased from £1,000 to £751,000 on 24 October 2006. The additional 750,000 ordinary shares were issued at par on the same date.

15 Reserves

	Profit and loss account £000
At beginning of period	180
Prior year adjustment (note 1)	(276)
	<hr/>
At beginning of period as restated	(96)
Loss for the financial period	(526)
	<hr/>
At end of period	(622)
	<hr/> <hr/>

Notes (continued)

16 Reconciliation of shareholders' funds

	31 May 2007 £000	31 December 2005 (restated) £000
(Loss)/profit for the financial period	(526)	183
Dividends paid during the year	-	(205)
New share capital subscribed	750	-
	<hr/>	<hr/>
Net addition to/(reduction in) shareholders' funds/(deficit)	224	(22)
Opening shareholders' funds (originally £181,000 before deducting prior year adjustment of £276 000 (note 1))	(95)	(73)
	<hr/>	<hr/>
Closing shareholders' funds/(deficit)	<u>129</u>	<u>(95)</u>

17 Financial commitments

The annual commitments under non-cancellable operating leases are as follows

	Land and buildings		Other assets	
	31 May 2007 £000	31 December 2005 £000	31 May 2007 £000	31 December 2005 £000
Operating leases which expire				
Within one year	-	-	4	-
Between two and five years	81	81	-	48
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>81</u>	<u>81</u>	<u>4</u>	<u>48</u>

18 Pensions

The company provided a stakeholder pension scheme to its employees until 31 December 2006. From 1 January 2007 the company provided benefits to its employees through the Open International Limited stakeholder pension scheme. The pension charge for the period was £439,000 (*year ended 31 December 2005 £360,000*). The amount accrued at the year end, and included in accruals and deferred income, is £Nil (*31 December 2005 £Nil*).

19 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Greenwich EquityCo S á r l, which is the ultimate parent company, incorporated in Luxembourg.

The largest group in which the results of the company are consolidated is that headed by Greenwich EquityCo S á r l. The consolidated financial statements of Greenwich EquityCo S á r l are available to the public and can be obtained from the following address:

23, avenue Monterey L-2086 Luxembourg